

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
	:	
vs.	:	
	:	
Union Electric Company,	:	Docket No. 00-0441
d/b/a AmerenUE	:	
	:	
Reconciliation of revenues collected under	:	
Coal Tar Riders with prudent costs associated	:	
with coal tar clean up expenditures	:	

PROPOSED FORM OF ORDER

By the Commission:

On June 21, 2000, the Illinois Commerce Commission (“Commission”) entered an Order Commencing Reconciliation Proceedings, which directed Union Electric Company, doing business as AmerenUE (“Respondent” or “the Company”), to present evidence in this docket to show the reconciliation of revenues collected under its Rider R, Electric Environmental Adjustment Clause, and Rider E, Gas Environmental Adjustment Clause, tariffs (hereinafter collectively "the Coal Tar Riders") with prudently incurred costs of environmental activities and recoverable under said riders. The applicable reconciliation period is from January 1, 1999 through December 31, 1999 (the “Reconciliation Period”).

PROCEDURAL REQUIREMENTS

In compliance with the Commission’s Order Commencing Reconciliation Proceedings in this docket and 83 Ill. Adm. Code 255, Respondent filed with the

Commission a list of all Illinois municipalities within which the Company provides electric or gas service. Thereafter, Respondent filed testimony and schedules summarizing environmental activities conducted at Respondent's manufactured gas plant site along with an accounting of revenues collected and costs incurred in connection with that site. Respondent published notice of the filing in newspapers having general circulation in the Company's service territory. On November 29, 2000, Respondent submitted Certificates of Publication, marked as UE Exhibit 3.

Following prehearing conferences held in this matter before Hearing Examiner Larry Jones of the Commission, an evidentiary hearing of this matter occurred on March 8, 2001, at the Commission's Springfield offices. Appearances were entered by counsel for Respondent and by the Commission Staff. Respondent's direct evidence (Direct Testimony of Leonard A. Mans and Direct Testimony of Donald L. Richardson) was admitted into evidence. Ms. Theresa Ebrey of the Staff's Accounting Department (Financial Analysis Division) provided Direct Testimony that was admitted into evidence at the evidentiary hearing. At the conclusion of the evidentiary hearing, the record was marked "Heard and Taken". On _____, Respondent filed a proposed form of order which reflected the agreement of Respondent and the Commission Staff.

SUMMARY OF EVIDENCE

The record contains a detailed description of Respondent's practices and procedures for reconciling the revenues collected under its Coal Tar Riders with the actual costs recoverable under such tariff during the Reconciliation Period. All participants were afforded the opportunity to cross-examine all witnesses and to offer evidence with respect to all issues in this proceeding.

RESPONDENT'S DIRECT EVIDENCE

Mr. Leonard A. Mans, a General Ledger Supervisor in the Accounting Department of Ameren Services Company, an affiliated service company of Respondent, testified as to his responsibility for supervising the calculation and filing with the Commission of Respondent's annual reconciliation reports required by Respondent's Coal Tar Rider tariff. Mr. Mans sponsored Schedule A to his Direct Testimony (UE Exhibit 1) which identified and reconciled all components of the Company's 1999 Electric and Gas Environmental Adjustment Clauses Annual Report filed with the Commission in March 30, 1999. Schedule A showed that Respondent had incurred incremental costs with respect to its Illinois MGP site during 1999. Mr. Mans testified that the Company incurred environmental cleanup costs of \$12,652.09 and collected revenues of \$43,032.93 through its EEAC and GEAC Riders. Thus, the final reconciliation is an over-recovery of \$29,117.55, prior to adjustments. The Company later agreed with the Staff's recommendation to decrease by \$430 the amount of incremental costs incurred. As set forth in Mr. Mans' rebuttal testimony (UE Exh. 4), both the Commission Staff and the Company agree that UE should be allowed to recover \$12,222 for costs incurred during the Reconciliation Period. The Company has recovered excess revenue of \$29,548. Consistent with its prior practice and agreements with the Staff, the Company intends to roll the cumulative over-recovery into the Reconciliation Period for calendar year 2000 and this over-recovery will be used to offset ongoing remediation costs.

Mr. Donald Richardson testified (UE Exhibit 2) that the Company is responsible for one manufactured gas plant ("MGP") site located in Alton, Illinois. During the 1999

Reconciliation Period, Respondent hired a consultant to prepare reports that will be submitted to the Illinois Environmental Protection Agency ("IEPA"). Mr. Richardson further testified that remediation work at the site is scheduled to occur in late 2001-2002. Cleanup objectives will need to be negotiated with the site owner and long-term tenant and approved by IEPA. Lastly, Mr. Richardson described the methodology by which the Company performs environmental work and that all work is performed in consultation with the IEPA and in accordance with TACO requirements.

COMMISSION STAFF'S DIRECT EVIDENCE

Ms. Theresa Ebrey of the Accounting Department of the Financial Analysis Division of the Commission, stated at the evidentiary hearing that the Staff issued extensive data requests concerning the revenues collected under the rider tariff and costs recoverable under such tariff. The Staff reviewed the Company's filing, and responses to data requests, and performed a field audit. Certain of the Company's responses to the Staff's Data Requests concerning auditing and accounting practices were introduced and received into evidence as UE Exhibit 1-Schedule B. On behalf of the Staff, Ms. Ebrey stated that subject to the \$430 cost adjustment proposed in her direct testimony, she recommended that the Commission accept the reconciliation of revenues collected under the tariff with actual costs as depicted in ICC Staff Exhibit 1, Schedule 1.

Ms. Ebrey also testified on behalf of the Staff that she had reviewed the Company's filing and responses to extensive data requests concerning the prudence of the Company's gas expenditures during the Reconciliation Period. Ms. Ebrey stated that the audit revealed no evidence that the costs incurred by the Company failed to comply with prudence standards.

ORDER

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) Respondent is a corporation engaged in the distribution of natural gas to the public in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over Respondent and of the subject matter of this proceeding;
- (3) the statements of facts set forth in the prefatory portion of this Order are supported by the evidence and the record and are hereby adopted as findings of fact;
- (4) the evidence shows that during the calendar year 1999 Reconciliation Period, Respondent performed environmental remediation activities in connection with the Alton site and prudently incurred costs totally \$12,222 associated with this site;
- (5) for the calendar year 1999 Reconciliation Period, the Commission accepts Respondent's proposed amended reconciliation of revenues collected under its tariff as described in Schedule 1 to ICC Staff Exhibit 1 and as attached to this Order and incorporated by reference herein;
- (6) the evidence shows that Respondent anticipates incurring costs at its Alton MGP site; therefore, Respondent shall roll

\$29,548, said amount reflecting an over-recovery of revenues during the 1999 Reconciliation Period, into costs incurred and to be incurred during calendar year 2000; and

- (7) all motions, petitions, objections or other matters in this proceeding which remain undisposed of should be disposed of consistent with the conclusion herein.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the reconciliation submitted by Union Electric Company d/b/a AmerenUE of the revenues collected under its Rider R, Electric Environmental Adjustment Clause, and Rider E, Gas Environmental Adjustment Clause, with costs prudently incurred for environmental activities for calendar year 1999, are hereby approved.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-112 of the Public Utilities Act and 83 Ill. Adm. Code 200.800, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this _____ day of _____.